



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

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May 25, 1993

Mr. Donald Nilson  
Vice President, Finance  
USMX, Incorporated  
141 Union Blvd., Suite 100  
Lakewood, Colorado 80228

Dear Mr. Nilson:

Re: Replacement Surety and Permit Transfer, USMX of Utah, Inc., Goldstrike Mine, M/053/005, and Goldstrike Mine Exploration Project, E/053/012, Washington County, Utah

Pursuant to a telephone conversation with Mr. James Sittner on May 18th, I am directing this letter to your attention. Thank you for USMX of Utah, Inc.'s March 15, 1993, letter and draft attachments which pertain to transferring the Goldstrike Mine permit and replacement reclamation surety. As you know, our legal counsel and your's have recently been working on finalizing minor language changes to the Reclamation Contract and surety forms. The changes have now been agreed upon and copies of the revised forms are attached (FORM MR-RC, ILOC, and Certificate of Deposit [3 original's]). When USMX has signed the 3 Certificate of Deposit letters, keep one original for yourself, send one to Colorado National Bank and return the 3rd original to us, along with the other forms.

After reviewing the March 15th draft documents, we noted a few minor clarifications/additions which need to be made before we can take this matter to our Board on June 23, 1993. The information requiring clarification is as follows:

1. Exploration Project, E/053/012, FORM MR-RC, page 1 of 9, please fill in the maximum amount of disturbed acreage to be covered by the reclamation surety.
2. Updated surety estimates have been calculated in 1993 dollars and escalated to 1998 dollars (copies attached). The dollar amounts have increased somewhat and the new totals are \$2,067,300 for the mine site and \$183,500 for the exploration project. Please revise the dollar amounts presently shown on the *draft* surety and Reclamation Contract forms to reflect the revised dollar amounts.





Page 2  
Donald Nilson  
M/053/005 & E/053/012  
May 25, 1993

3. Please complete the Large Mine Permit Transfer form and have the appropriate signatures notarized (new blank form attached).

On May 24, 1993, we received supplemental copies of the updated mine plan disturbed area maps and an exploration disturbance map from Mr. Robert Wilson of the Goldstrike Mine. These maps will be attached to the final permit transfer and reclamation surety documents.

If possible, please provide the requested clarifications and return the completed forms by June 8, 1993. We would like to include this information in the June Board packages which will be mailed to all Board members around June 9th. After the Board approves of USMX's replacement surety, the old surety will be released and returned to Tenneco Minerals Company - Utah. We will send appropriate copies of all approved documents to the BLM, Dixie Resource Area as well.

Thank you for your continued cooperation and patience. Please call me if I can provide any assistance to you in finalizing these permitting actions.

Sincerely,



D. Wayne Hedberg  
Permit Supervisor  
Minerals Regulatory Program

jb  
Enclosures  
cc: Martha Nachman, Bearman, Tatesnick & Clowdus  
Debbie Pietrzak, BLM, Dixie RA  
Lowell P. Braxton, DOGM  
M053005.trn



# SURETY ESTIMATE UPDATE

USMX of Utah, Inc.

file USMX-UPS.WQ1

Goldstrike Mine & Goldstrike Exploration

M/053/005 & E/053/012

Washington County, Utah

Prepared by Utah Division of Oil, Gas & Mining

Last Update

05/25/93

## DESCRIPTION:

- Last exploration surety estimate = \$180,700 in 1996-\$
- Last exploration surety estimate before escalation was \$165,000 in 1991-\$
- Last mining surety estimate = \$2,023,000 in 1997-\$
- Last mining estimate before escalation was \$1,899,611 in 1992-\$
- Escalation factors through 1992 are actual Means Historical Cost Indices
- Disturbed acreage = 50 EXP 387 LMO

EXP CALCULATIONS	YR	ESCAL FACTOR	BOND AMOUNT
$F = P(1 + i)^{**n}$	1989	0.0177	\$0
F = Future Sum	1990	0.0077	\$0
P = Present Sum	1991	0.0127	\$165,000
i = Escalation Factor	1992	0.0221	\$168,647
n = number of periods	1993	0.0142	\$171,041
	1994	0.0142	\$173,470
Three Yr Average = 1.42%	1995	0.0142	\$175,933
Used to Project 5 Yrs	1996	0.0142	\$178,432
Into the Future	1997	0.0142	\$180,965
From the Year 1993	1998	0.0142	\$183,535
Updated Surety Amount Rounded (1998 \$)			\$183,500

Average cost per acre =

3,670 (\$/ACRE)

LMO CALCULATIONS	YR	FACTOR	AMOUNT
	1992	0.0221	\$1,899,611
	1993	0.0142	\$1,926,585
	1994	0.0142	\$1,953,943
Three Yr Average = 1.42%	1995	0.0142	\$1,981,689
Used to Project 5 Yrs	1996	0.0142	\$2,009,829
Into the Future	1997	0.0142	\$2,038,369
From the Year 1993	1998	0.0142	\$2,067,313
Updated Surety Amount Rounded (1998 \$)			\$2,067,300

Average cost per acre =

5,342 (\$/ACRE)